IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION

GANART TECHNOLOGIES, INC. Plaintiffs, V. TURNKEY KIOSKS, LLC Defendant.	§ § § § § § § § § § § § §	3:14-cv-616

DECLARATION OF GARY STRACHAN

I, Gary Strachan, pursuant to 28 U.S.C. § 1746, declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief:

1.   I am over the age of 18 years of age and am personally familiar with contents of this declaration set forth below.

2.   I am the Director of Operations of TurnKey, LLC.

TurnKey's Business Model

3.   TurnKey is a family owned business and a manufacturer and supplier of custom kiosks, including financial services kiosks, automatic teller machines, outdoor service kiosks, ticketing kiosks, print-on-demand kiosks, and other custom ordered kiosks, to customers across various industries.

4.   TurnKey is a creator of custom kiosk solutions. They consult with their customers to understand what the business problem to be solved is and then set about to build the solution. Generally, TurnKey builds a custom kiosk enclosure, installs Original Equipment Manufacturer ("OEM") components and if the customer does not have software to operate the solution, TurnKey will recommend one of its software partners to develop a software solution to run on the custom kiosk.

5.   TurnKey works with its customer to design the specific custom kiosk needed by the customer in their specific field of interest. Generally, a customer will supply information to TurnKey for what the customer needs for its custom kiosk, and TurnKey will design and assemble the kiosk, which includes various OEM off the shelf hardware components.

6.   Many times TurnKey will supply its customer with off the shelf hardware components and OEM software tools to aid in the use of these components. The software tools include device drivers, software development kits ("SDK's") and application program interfaces ("API's") which are provided by the OEM hardware manufacturers to allow the customer to integrate the OEM hardware component into their software program which allows them personalized control of the hardware components in the kiosk to the customer's specific needs.

7.   On or about December 6, 2011, TurnKey and Ganart Technologies, Inc. entered into a "Confidentiality and Non-Disclosure Agreement" ("the NDA"), which provided that TurnKey and Ganart could share confidential and propriety information with each other for the purpose of development of products and services and other joint business opportunities so long as such information was not disclosed to other third parties.

GANART'S BUSINESS RELATIONSHIP WITH TURNKEY

8.   Ganart and TurnKey were interested in developing a kiosk solution whereby TurnKey supplied the custom made kiosk enclosure and OEM hardware components, and Ganart supplied software for the kiosks. Ganart had previously attempted to design their own kiosks that utilized their software program that allowed the end consumer of the kiosk to do the Ganart proprietary transaction Money Earned® (a software that allowed an employee to obtain a payroll advance before they were paid) and conduct other financial transactions such as ATM withdrawals, bill payment and wire transfers.

9.   It is my understanding that Ganart had difficulty manufacturing its own kiosks, and thus, it was fortuitous when TurnKey contacted Ganart as a potential business partner. As part of the business venture with Ganart, TurnKey supplied Ganart access to three demonstration

kiosks that had been built by TurnKey with various OEM hardware components, and were standard models of their TK-8200 Financial Series kiosks used by TurnKey in its business.

10.   The kiosks were modified to utilize Ganart's software program that was used to allow an employee to take cash from their paycheck before pay day. TurnKey supplied the hardware for the kiosks.

11.   The only "hardware" supplied by Ganart for the three demonstration kiosks was three   sheet metal housings, three finger guides, at least three domes, and   one Fujitsu PalmSecure® cube.

12.   The major components of the palm vein scanner assembly are (1) the Fujitsu PalmSecure® cube; (2) the metal housing; (3) a rounded dome; and (4) finger guides.

13.   The "Fujitsu PalmSecure® cube" is a highly reliable biometric authentication system based on palm vein pattern recognition technology which is used   to capture a biometric scan of a consumer/user's palm and the unique palm vein patterns in the user's hand, which is used to identify the user.

14.   The Fujitsu PalmSecure® cube is an OEM component available to anyone including manufacturers such as TurnKey. The companion to the Fujitsu PalmSecure® cube is the Fujitsu PalmSecure® hand guide.

15.   The Fujitsu PalmSecure® cube scanner is mounted within the sheet metal housing. In order to use the scanner, the user places their hand within the housing on the finger/hand guide. The hand guide is necessary to prevent the users hand from moving so that the scanner can capture the biometric image of the user's hand.

16.   On November 19, 2012, Mr. McHugh provided the Ganart technical drawings for the metal housing, the dome and the finger/hand guide and gave permission to Casey Strachan to "morph it into a TurnKey kiosk."   TurnKey independently developed its own sheet metal housing and dome components for a palm vein scanner component that would work on all TurnKey's kiosks. In November 2012, TurnKey requested Ganart's permission to create its own components that could be used in future kiosks.

17.   TurnKey contracted with its own CAD designer to create a version for the metal housing, the dome and the finger/hand guide component that would be compatible within all TurnKey's kiosks.

18.   TurnKey also contracted with its own plastic molding company to create a dome for the TurnKey kiosks that would allow a Fujitsu PalmSecure® cube to work on a TurnKey kiosk.

19.   The housing and dome components created by TurnKey are completely different than Ganart's housing and dome components for its palm vein scanner assemblies.

20.   For instance, the dome that was manufactured for TurnKey by its plastic molding company was made out of a clear acrylic plastic, while the Ganart dome component is a different tint and plastic material.

21.   I am aware that Casey Strachan, one of the members of TurnKey, made Mr. McHugh aware that TurnKey was developing the dome and housing components and at no time, did Mr. McHugh or anyone else from Ganart object to TurnKey developing its own independent dome and housing components. Such was confirmed in emails exchanged between Mr. McHugh and Casey Strachan on June 19, 2013.

22.   Ganart's user identification software and Ganart's palm vein scanners assemblies were installed on the three demonstration kiosks. Two of the kiosks were shipped to Ganart's headquarters in Texas. The third kiosk was kept at TurnKey's place of business in Phoenix, Arizona.

23.   Ganart's representatives had indicated to me on various occasions that Ganart would attempt to find a potential buyer for the two demonstration kiosks that were at its Texas facility. However, over the course of the business relationship between Ganart and TurnKey, Ganart failed to sell any of the TurnKey kiosks to any third-party customers.

24.   One of the kiosks kept by Ganart was used by Ganart for the benefit of demonstrating the kiosk services to potential customers and for its employees to use the payroll

advance and the other functions of the kiosk. The kiosk was kept in its lunch room to be used by Ganart employees.

25.   It is my understanding that Ganart actually earned income and generated revenue from the kiosk that it used for its employees. Ganart never shared any of the income generated from this kiosk with TurnKey.

26.   Ganart did not pay Turnkey anything for the three development kiosks, for any parts for the kiosks, or development at any time. Ganart did buy some parts from TurnKey for another project during the relationship. TurnKey offered to sell Ganart the kiosk used by their employees in the Ganart lunchroom, but Ganart refused to purchase it.

27.   TurnKey also worked to promote the kiosk solution to other potential customers, and regularly demonstrated the third kiosk that was kept at TurnKey's business headquarters to potential purchasers. Ganart was well aware of TurnKey's attempt to promote the sale of the kiosks as I and my two sons, Casey Strachan and Kelly Strachan, had repeated conversations with Ganart's employees about promoting the sale of the kiosks to other third-parties.

28.   Wayne McHugh also visited the TurnKey facility in April of 2013. On or about April 11, Wayne McHugh gave a seminar to our Sales Staff on the Work Place Solution.

29.   On or about April 12 Wayne McHugh and I visited a potential customer, Planet Payroll to present the solution, but this sales visit resulted in no business.

30.   On or about July 17, 2013, Jim Kidd from PayCenter 1, a customer of TurnKey visited the TurnKey facility. PayCenter1 was not happy with their current software solution from PayEase.

31.   TurnKey made arrangements with Ganart to demonstrate the demonstration kiosk that had the "Work Place Solution" software supplied by Ganart to Mr. Kidd at the TurnKey facility. Mr. Kidd reviewed the demonstration. After the demonstration, Mr. Kidd made arrangements to travel to Ganart's headquarters in Texas with his partner, Ken Upcraft for the purpose of transferring his existing kiosks to the Ganart "Work Place Solution" software.

32. On or about July 23 and 24, 2013, Mr. Kidd and Mr. Upcraft arrived at Ganart's business to further review the software and enter into a business relationship with Ganart.

33. TurnKey was only allowed into the introduction part of the meetings and was not privy to any of the business meetings that took place. It is our understanding that an agreement was reached.

34. It is our understanding that PayCenter1 and Ganart entered into a business relationship and it was TurnKey's introduction of PayCenter1's Mr. Kidd to Ganart that facilitated this relationship.

35. On or about July 24, 2013, TurnKey was directed by PayCenter1 to ship a PayCenter1 kiosk to Ganart with the existing components so they can modify the software.

36. I understand that Ganart alleges that TurnKey has made unauthorized demonstrations of the TurnKey/Ganart kiosk. Contrary to the allegation, TurnKey was demonstrating the features of the prototype kiosk in order to sell the TurnKey/Ganart kiosk as Ganart had failed to promote or sell the any TurnKey/Ganart Workplace Solution kiosks up to this point.

37. In mid-September 2013, TurnKey also requested that Ganart return of one of the two demonstration kiosks that were at Ganart's headquarters. TurnKey had identified three potential kiosk placements into two customer locations and were working on finalizing the details when Ganart ended its business relationship with TurnKey in late October 2013, TurnKey was unable to complete the sale of three demonstration kiosks because Ganart ended the relationship and remotely erased its software from the TurnKey lobby demonstration kiosk.

38. TurnKey had to back out of the potential business deals that were pending causing major embarrassment to TurnKey.

39. Ganart has also alleged that in August 2013, TurnKey removed several components from the third demonstration kiosk that was at TurnKey's headquarters in Phoenix, Arizona. TurnKey regularly removed components from the demonstration kiosk to meet customer demand for use in other kiosks, and would replace those components with new

components.   Each time TurnKey removed hardware components from the demonstration kiosk,
Ganart receive a remote alert from the kiosk as we believe that is a normal function of the Ganart
software.

40.   The hardware components removed from demonstration kiosk were components
that were purchased and owned by TurnKey and had been installed in the kiosk prior to the time
Ganart and TurnKey ever did business.

TurnKey's Business Relationship with RoboCoin Technologies, LLC

41.   In May 2013, TurnKey was contacted by a prospective customer, RoboCoin.

42.   RoboCoin is in the business of developing products directed at persons involving
in the transfer and exchange of "Bitcoin."   Bitcoin is an open source, peer-to-peer electronic
money and payment network that is used in online and internet transactions.

43.   RoboCoin contacted TurnKey to develop a prototype kiosk for RoboCoin that
was to be displayed at a trade show in San Jose, California on May 17, 2013.   RoboCoin was
interested in developing a kiosk that would allow an end consumer to sell, transfer and purchase
"Bitcoin" through the RoboCoin kiosks.

44.   TurnKey developed a first generation prototype kiosk for RoboCoin that was
displayed at the San Jose trade show.   The prototype kiosk was to be used as a basic proof of
concept to demonstrate RoboCoin's services in the Bitcoin market.

45.   After RoboCoin received positive feedback about its kiosk prototype, RoboCoin
refined its requirements for a next generation prototype kiosk, and worked with TurnKey to
identify the hardware components for the next generation kiosk.   Such requirements included
hardware components that would comply with federally mandated regulations in the United
States, including but not limited to "Know Your Customer" and "Anti-Money Laundering"
regulations.

46.   Based on RoboCoin's research, RoboCoin asked TurnKey to identify biometric
scanners available in the marketplace.   TurnKey regularly uses biometric scanning devices in its

kiosks and RoboCoin expressed interest in using the palm vein scanner technology in its new generation kiosk.

47.   On September 5, 2013, Jordan Kelley and John Russell from RoboCoin met with TurnKey's representatives, Margaret Strachan, Casey Strachan, Kelly Strachan and I, to discuss greater collaboration for the development of additional kiosks.

48.   During our meeting, Jordan Kelley indicated that his father was affiliated with a Las Vegas Casino. I believed that the Las Vegas casino chain that would be a good fit for purchasing and using the TurnKey kiosk with the Ganart Workplace Solution. *Id.*, ¶ 41.

49.   During the September 5, 2013 meeting, TurnKey showed Mr. Kelley and Mr. Russell how the kiosk operated with the idea that the Las Vegas Casino may be interested in purchasing the Ganart Solution running on a TurnKey kiosk, and also to show the types of kiosks that TurnKey manufactures.

50.   In early September 2013, RoboCoin ordered a second prototype kiosk from TurnKey. When it provided its hardware requirements to TurnKey for the second prototype kiosk, RoboCoin wanted to use a palm vein scanner as a means of identification for users of the prototype kiosk.

51.   TurnKey used a Fujitsu PalmSecure® cube scanner as the means of identifying users of the prototype kiosk. TurnKey also used the housing and dome components that TurnKey had independently created to house the Fujitsu PalmSecure® cube scanner in the kiosk.

52.   Because TurnKey did not have sufficient time to fabricate a "finger guide" for the Fujitsu PalmSecure® cube scanner that was used on the second prototype kiosk, TurnKey used the "finger guide" that had been supplied by Ganart.

53.   Upon completion of construction by TurnKey, the second prototype kiosk was sent to RoboCoin's customer in Vancouver, Canada. A photograph of the second prototype kiosk was taken and displayed in an issue of Wired Magazine in October 2013.

54.   In October 2013, Mr. McHugh contacted me and an inquired about the RoboCoin second generation kiosk that had been photographed in Wired Magazine. I indicated to Mr.

DECLARATION OF GARY STRACHAN

McHugh that TurnKey had used the finger guides from one of the Ganart palm vein scanner assemblies in the second generation kiosk due to fact that TurnKey did not have sufficient time to fabricate its own finger guides for the palm vein scanner assembly that was in the RoboCoin kiosk.

55.   When TurnKey became aware of Ganart's concerns about the photograph of the second prototype kiosk in Wired Magazine, Kelly Strachan traveled to RoboCoin's customer in Vancouver, Canada, and removed the entire TurnKey palm vein housing, the dome and the finger guides that TurnKey installed in the prototype kiosk.

56.   Turnkey replaced the metal housing, dome and finger guides in the second prototype unit installed in Vancouver, Canada with an "off the shelf" hand guide from Fujitsu made specifically to work with the Fujitsu PalmSecure® cube.

57.   To the extent there was an alleged violation of the NDA agreement with respect to the RoboCoin prototype kiosk; TurnKey has remedied any such alleged violation by removing the finger/hand guides from the second prototype kiosk.   Further, the housing and dome components that were independently created by TurnKey were also removed from the prototype kiosk and have not been used in any other TurnKey kiosks.

58.   RoboCoin has ordered additional kiosks from TurnKey modeled after the second generation prototype kiosk.   However, all of those kiosks now use the "off the shelf" Fujitsu PalmSecure® cube along with the Fujitsu hand guide and have no Ganart components or any palm vein scanner components that were designed by TurnKey.

59.   I am also aware that Ganart has alleged that TurnKey shared Ganart's "Self-Service Registration at Kiosk" software with RoboCoin. TurnKey denies providing Ganart's software to RoboCoin or any other persons. TurnKey was never given any Ganart source code, passwords or any other access to any Ganart software.

60.   RoboCoin installed its own proprietary software on the second prototype kiosk, which is used in the current production model RoboCoin kiosks.   It is my understanding that

RoboCoin independently developed its own complete software package which TurnKey has no knowledge of.

61.   It is my understanding that the RoboCoin user identification software is completely and fundamentally different from Ganart's software and user identification process. I understand that RoboCoin's software runs on a Windows-based operating system, while Ganart's software runs on a Linux-based operating system.

62.   TurnKey would have been unable to share Ganart's software with RoboCoin because the Ganart software is compiled, and cannot be deconstructed.

63.   Moreover, TurnKey had no way to access the Linux root user protocols of the Ganart software because Ganart never provided the passwords needed to access such protocols.

64.   Ganart did all of the configurations for the software that was on the demonstration kiosk that was kept at TurnKey's offices online via remote access.

TURNKEY HAS RETURNED ALL OF GANART'S PROPRIETARY INFORMATION

65.   On October 29, 2013, Ganart requested that TurnKey return all of Ganart's proprietary information.

66.   Ganart alleges that TurnKey has not returned all of the palm vein scanner assemblies to Ganart. This allegation is false. On November 8, 2013, I personally sent correspondence to Ganart confirming that all of Ganart's physical property had been returned, and all electronic confidential information had been destroyed.

67.   TurnKey no longer has any of the Ganart palm vein scanner assemblies and or parts.

68.   The first Ganart palm vein scanner assembly was installed in the first demonstration kiosk that was sent to Ganart and used in the first demonstration kiosk located in the Ganart lab environment. This assembly was removed by Ganart before the kiosk was returned to TurnKey. Ganart still has possession of that palm vein scanner assembly.
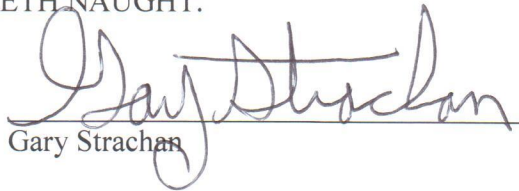
69.   The second palm vein scanner assembly was sent to Ganart's office in Texas on January 27, 2013, and installed in the second demonstration kiosk, located in the Ganart lunchroom at Ganart's headquarters.

70.   On or about September 25, 2013, Ganart returned the second demonstration kiosk to TurnKey's office, and prior to returning the kiosk to TurnKey, Ganart removed the second palm vein scanner assembly. Ganart still has possession of that palm vein scanner assembly.

71.   The third palm vein scanner assembly was used in the demonstration kiosk at TurnKey's Phoenix office, and was returned to Ganart pursuant to the request for return of all of Ganart's property. Ganart still has possession of that palm vein scanner assembly.

FURTHER AFFIDANT SAYETH NAUGHT.

1-16-15
Date   Gary Strachan